



High-Level Conference on Pacific Island Countries

# **Role of ICT in Changing Comparative Advantage : Case of Okinawa Islands in Japan**

22 November 2013

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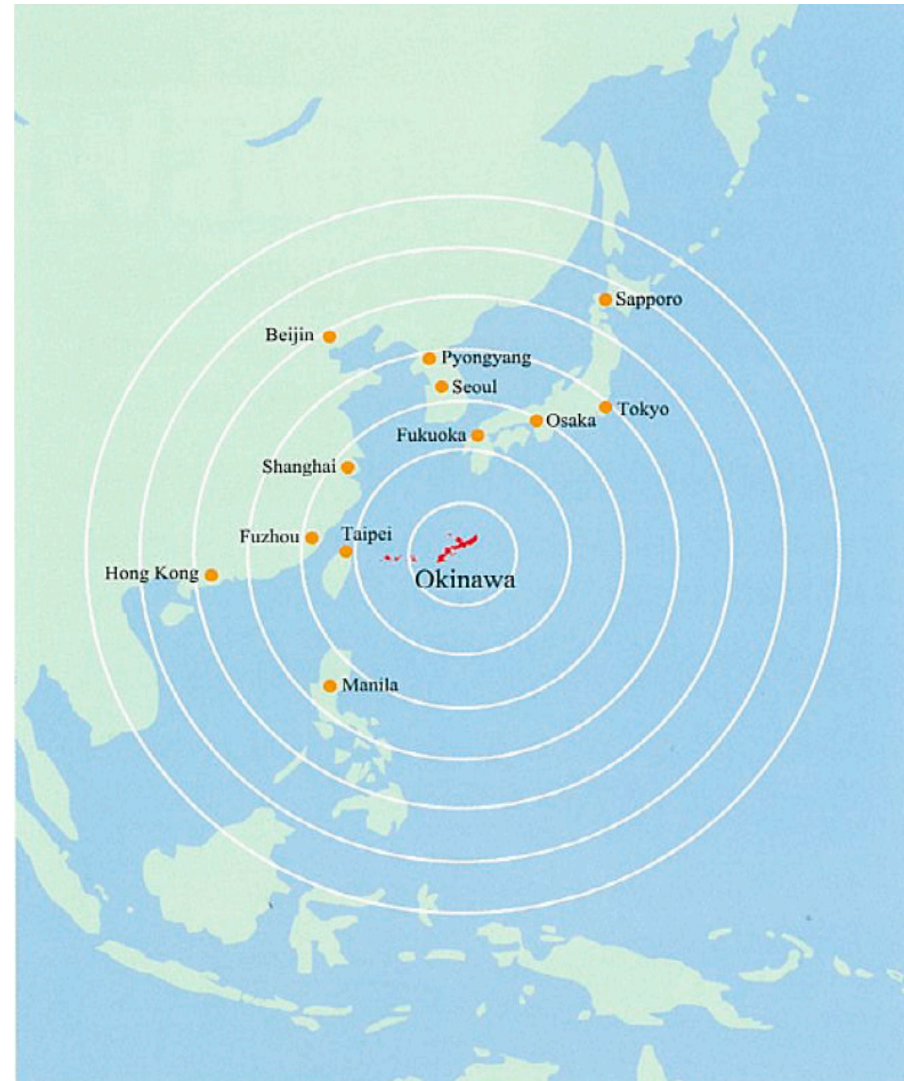
# Comparative Advantage of Okinawa

## [Dynamic CA]

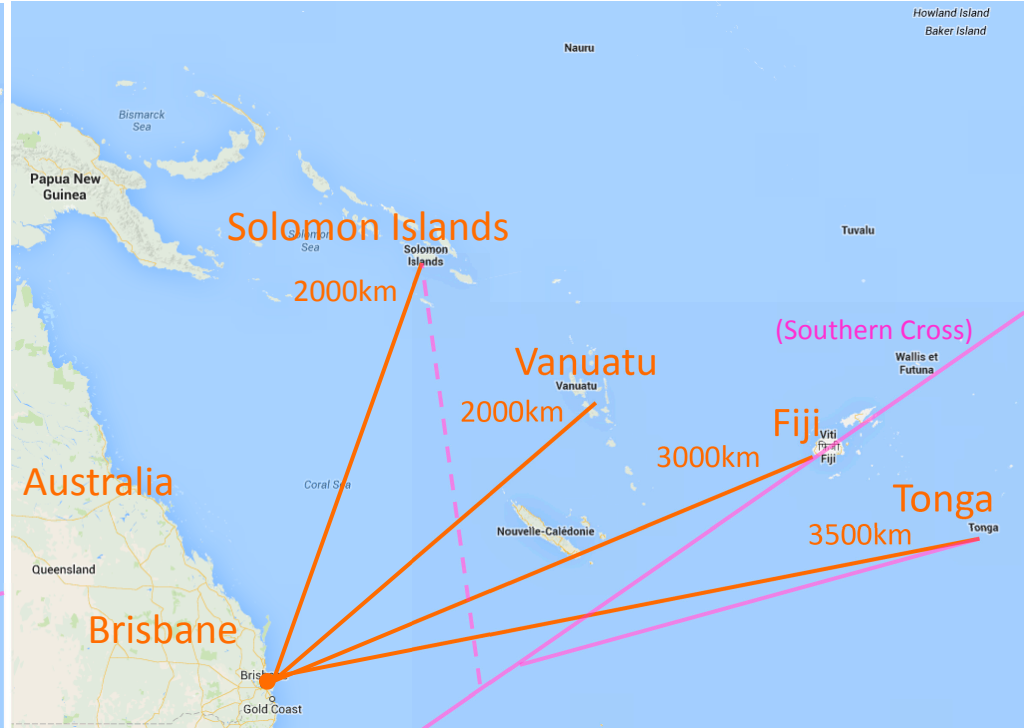
- Submarine cable connection
- Increasing young workers

## [Static CA]

- Physically far away and separated by sea from big cities with large markets



# Comparison between Okinawa & PICs

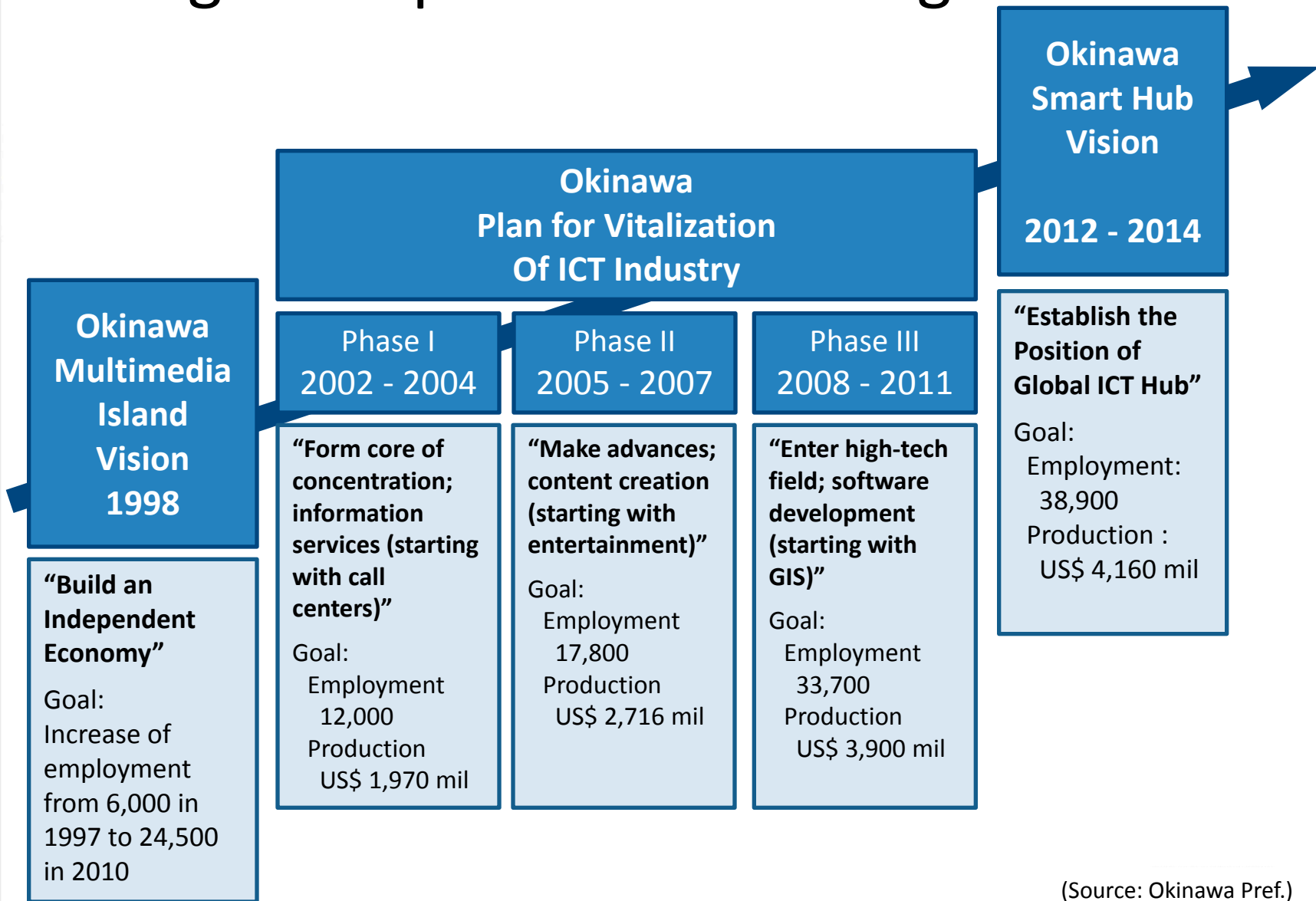


(Source: Google Map)

	Okinawa	Fiji	Tonga	Vanuatu	Solomon
Population	1,420,000	874,700	104,900	247,300	549,600
GDP	US\$ 37.256 b	US\$ 3.882 b	US\$ 471.6 m	US\$ 785.4 m	US\$ 1.008 b
GNI per capita	US\$ 20,250	US\$ 4,200	US\$ 4,240	US\$ 3,080	US\$ 1,130

(Sources: Okinawa Pref. 2010 for Okinawa (US\$1=JPY100), World Bank 2012 for PICs)

# Okinawa's ICT Development Policy to Change Comparative Advantage



# Five Measures

**Tax Incentives for  
Promoting ICT  
Industry**

**Subsidy for  
Communications  
Cost**

**Support for  
Human Resource  
Development**

**Subsidies to  
Expand  
Employment of  
Young Workers in  
Okinawa**

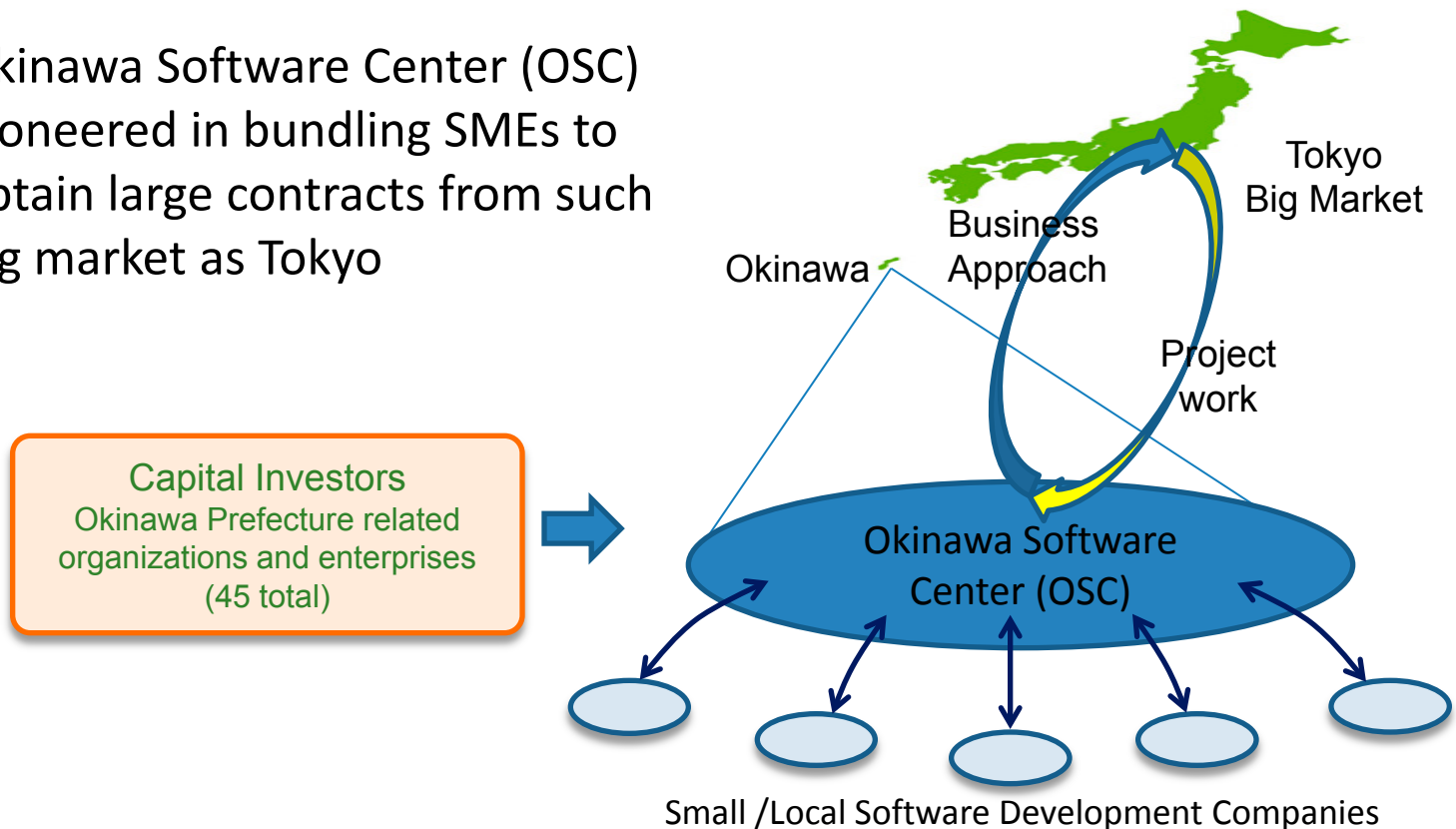
**Facilities**

# Reducing Transaction Cost

NDA (Nago Development Authority) Created ICT cluster and one stop shop to guide investors

## Scale Economy

Okinawa Software Center (OSC) pioneered in bundling SMEs to obtain large contracts from such big market as Tokyo



# Achievements

	Reference Year	Phase I	Phase II	Phase III
	JFY 2000	JFY 2002-2004	JFY 2005-2007	JFY 2008-2011
Investment		US\$ 149.2 million	US\$ 102.7 million	US\$ 171.3 million
Employment	8,600 jobs	16,700 jobs	23,024 jobs	31,845 jobs
Production	US\$ 1,391 mil	US\$ 2,203 mil	US\$ 2,252 mil	US\$ 3,482 mil
Establishments	54	90	163	237

(results of JFY2004)

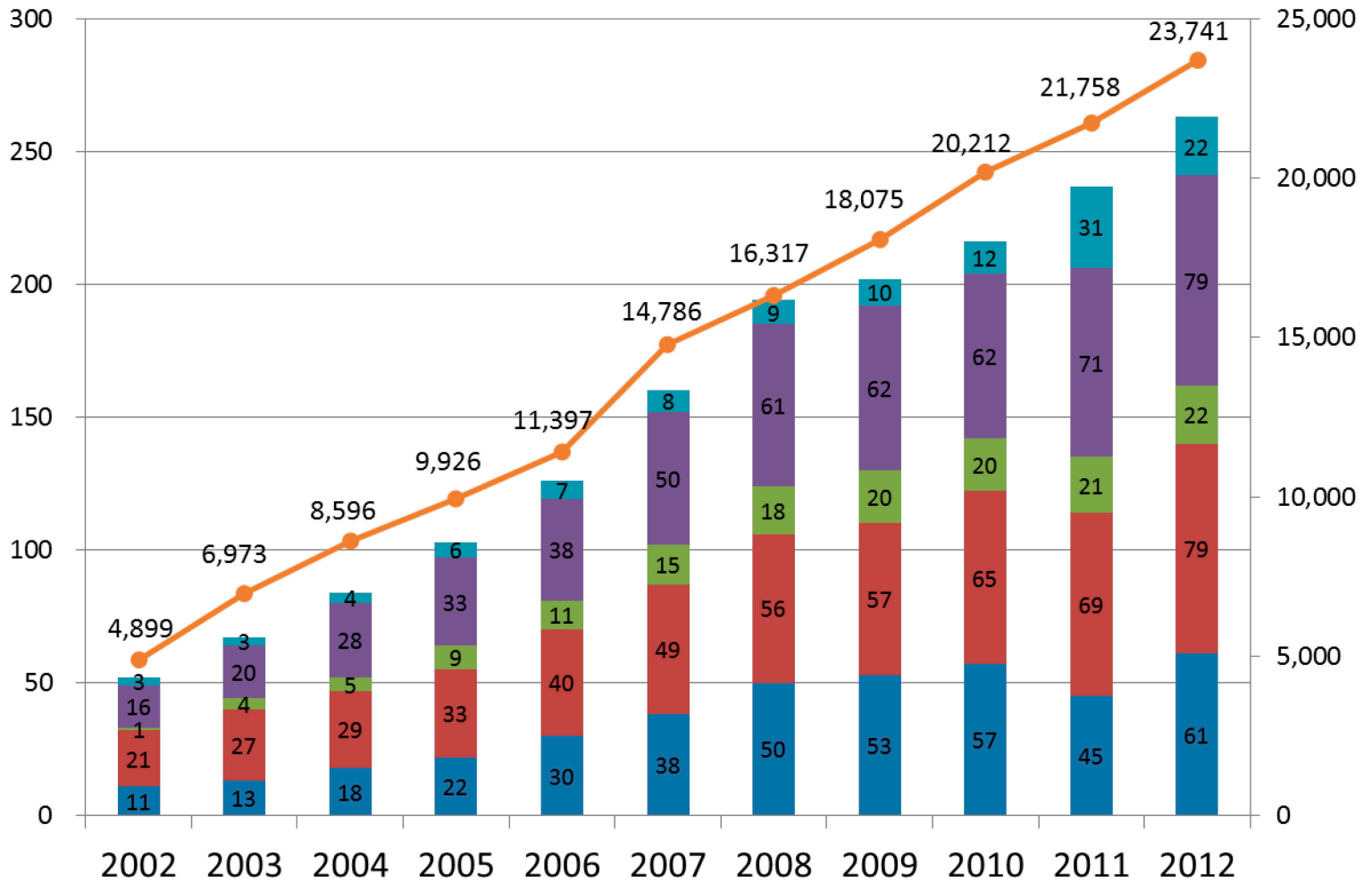
(results of JFY2007)

(results of JFY2011)

# Achievements

(Establishments)

(Employment)



- Other
- Software Development
- Content Creation
- Call Center
- Information Service Business
- No. of Employees

(Source: Okinawa Pref.)



# Policy Implications for PICs

Dynamic Comparative Advantage

Measures to Overcome Market Failure

Strategic Sequencing of Policies

Continuous Investment in Human Resource  
Development

# JICA's Cooperation 1

## Advisor on Support for NICI (National Information Communication Infrastructure) Implementation in Rwanda

JICA dispatched the Advisor to support the Government of Rwanda to set up National Strategy on ICT and implement the Strategy, which aims to ***develop a vibrant, competitive, and innovative ICT / ICT enabled private sector***, from July 2011 to December 2012.



# JICA's Cooperation 2

## ICT for Human Development and Human Security Project in Fiji

JICA implemented the Project from February 2010 to January 2013 to **expanding distance learning by upgrading a satellite communication network for the purpose of** delivering the opportunity of an advanced education to even individuals living in remote islands.

Grant aid was also provided to upgrade educational programs using ICT in order to handle the increasing number of students.

